

**CITY OF PINEVILLE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-4-2006

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# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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**M. DALE HARRINGTON, CPA**  
**RETIRED - 2005**

December 14, 2005

### Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen  
City of Pineville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pineville, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Pineville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Pineville, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pineville's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2005, on our consideration of the City of Pineville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**-Members-**

**American Institute of Certified Public Accountants • Society of Louisiana, CPAs**

# ROZIER, HARRINGTON & MCKAY

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**RETIRED - 2005**

December 14, 2005

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL**  
**OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor  
and the Board of Aldermen  
City of Pineville, Louisiana

We have audited the financial statements of the City of Pineville, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Pineville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Pineville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

# **City Of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

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This section of the City of Pineville's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2005.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility and sanitation services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund use a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the City's utility and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

A comparative analysis of government-wide financial data is presented as follows:

#### **Net Assets**

A condensed version of the government-wide Statement of Net Assets is presented as follows:

# **City of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

	For the Year Ended June 30, 2005			For the Year Ended June 30, 2004
	Govern- mental Activities	Business- Type Activities	Total	
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 5,380,389	\$ 2,554,486	\$ 7,934,875	\$ 6,069,378
Internal Balances	35,796	(35,796)	—	—
Capital Assets	11,275,939	15,067,046	26,342,985	24,345,905
Total Assets	16,692,124	17,585,736	34,277,860	30,415,283
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	1,477,959	773,227	2,251,186	1,895,524
Long-term Liabilities	2,493,737	1,295,856	3,789,593	3,941,853
Total Liabilities	3,971,696	2,069,083	6,040,779	5,837,377
<b><u>Net Assets:</u></b>				
Invested in Capital Assets (Net)	9,669,067	13,811,547	23,480,614	20,819,433
Restricted	4,229,375	772,617	5,001,992	4,564,320
Unrestricted	(1,178,014)	932,489	(245,525)	(805,847)
Total Net Assets	\$ 12,720,428	\$ 15,516,653	\$ 28,237,081	\$ 24,577,906

As the presentation appearing above demonstrates, the largest portion of the City's net assets (84.7%) are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets represent resources that are subject to restrictions that are imposed by agreements with the City's bondholders or requirements imposed by various revenue sources.

The City's unrestricted resources are exceeded by liabilities payable from those resources; however, a substantial portion of those liabilities are long-term obligations that mature in installments over the next six to ten years. Due to the long-term nature of these liabilities, the City has sufficient unrestricted resources to meet its ongoing obligations to citizens and creditors. In addition, the City will devote a portion revenues received in future years to repaying long-term debts in a manner that will provide sufficient resources to meet the scheduled maturity of these obligations.

### **Changes in Net Assets**

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

# ***City of Pineville***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

	For the Year Ended June 30, 2005			For the Year Ended June 30, 2004
	Govern- mental Activities	Business- Type Activities	Total	
<b>Revenues:</b>				
Program Revenue:				
Charges for Services	\$ 714,506	\$ 5,294,767	\$ 6,009,273	\$ 4,887,666
Operating Grants and Contributions	641,718	---	641,718	92,735
Capital Grants and Contributions	1,377,853	944,835	2,322,688	1,066,262
General Revenue:				
Property Taxes	1,135,508	---	1,135,508	1,093,038
Sales Taxes	6,994,115	---	6,994,115	6,558,746
Franchise Fees	737,115	---	737,115	682,222
Occupational Licenses	529,011	---	529,011	477,982
Intergovernmental	28,014	---	28,014	535,525
Other	215,229	34,966	250,195	121,295
<b>Total Revenue</b>	<b>12,373,069</b>	<b>6,274,568</b>	<b>18,647,637</b>	<b>15,515,471</b>
<b>Program Expenses:</b>				
General Government	2,053,612	---	2,053,612	1,864,366
Public Safety				
Police Department	3,477,656	---	3,477,656	2,906,725
Fire Department	2,566,196	---	2,566,196	2,530,347
Public Works	1,508,553	---	1,508,553	1,426,695
Health & Welfare	250,291	---	250,291	137,545
Culture and Recreation	589,844	---	589,844	652,280
Utility Service	---	3,215,541	3,215,541	3,030,892
Sanitation	---	1,178,509	1,178,509	1,137,629
Other	102,945	45,315	148,260	195,496
<b>Total Expenses</b>	<b>10,549,097</b>	<b>4,439,365</b>	<b>14,988,462</b>	<b>13,881,975</b>
<b>Increase in Net Assets Before</b>				
Transfers	1,823,972	1,835,203	3,659,175	1,633,496
Transfers	149,377	(149,377)	---	---
<b>Change in Net Assets</b>	<b>1,973,349</b>	<b>1,685,826</b>	<b>3,659,175</b>	<b>1,633,496</b>
<b>Net Assets Beginning</b>	<b>10,747,079</b>	<b>13,830,827</b>	<b>24,577,906</b>	<b>22,944,410</b>
<b>Net Assets Ending</b>	<b>\$ 12,720,428</b>	<b>\$ 15,516,653</b>	<b>\$ 28,237,081</b>	<b>\$ 24,577,906</b>

Governmental activities increased the City's net assets by \$1,973,349. In addition to efficient operation of the City's governmental activities, streets dedicated by developers and grant funds used to acquire capital equipment also contributed to the increase in net assets.

Business-type activities increased the City's net assets by \$1,685,826. Growth in utility service fees, utility infrastructure donated by developers and grants awarded for capital construction activity all contributed to the increase in net assets.

# **City of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

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### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

An analysis of significant matters effecting the City's funds is presented as follows:

- The City's governmental funds reported combined fund balances of \$4,552,742 which represents an increase of \$325,721 in comparison to the previous balance. The increase is attributable to collection of sales taxes dedicated for capital improvement that will be utilized in future years.
- The City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$323,367. The general fund balance decreased by \$111,803. The decrease in fund balance is attributable to rising cost that have exceed growth in the general fund tax base. The rising costs are primarily due to cost that are beyond the City's control, including rising pension cost and cost associated with retaining experienced public safety personnel.
- Amounts reported for business-type activities in the City's individual funds are identical to the business-type activities reported in the government-wide presentation.

### **GENERAL FUND BUDGET HIGHLIGHTS**

The City's general fund is required to adopt an annual budget and the budget is amended as necessary. Some revisions to the original budget were necessary in order to compensate for the rising cost discussed in the proceeding section.

### **CAPITAL ASSET ADMINISTRATION**

Capital asset activity for the year ended June 30, 2005 is summarized as follows:

	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Additions:</b>			
Equipment Purchases	\$ 772,578	\$ 189,299	\$ 961,877
Improvements to Utility System	—	431,606	431,606
Dedications by developers	1,019,174	740,500	1,759,674
Right-of-Way Acquisition – Susek Drive	253,462	—	253,462
Building Renovations	59,348	—	59,348
Miscellaneous	22,533	—	22,533
Total Additions	2,127,095	1,361,405	3,488,500
Depreciation	(572,071)	(919,349)	(1,491,420)
Net Increase (Decrease)	1,555,024	442,056	1,997,080
Beginning Capital Asset (Net)	9,720,915	14,624,990	24,345,905
Ending Net Assets (Net)	\$ 11,275,939	\$ 15,067,046	\$ 26,342,985

Highlights of the City's capital asset administration are provided as follows:

- Equipment purchases including purchasing new vehicles necessary to replace existing vehicles that were retired as a result of ordinary wear. In addition, the City replaced the cooling system at City Hall, installed a paint booth in the City Shop, installed an new radio system for public works, acquired a new rescue pumper for the fire department, replaced two tractors operated by the drainage department and replaced three sanitation trucks.
- Improvements to the City's utility system were necessary complete minor extensions as well as replacing worn and obsolete components. In addition, the City continued to work on the design phase of the new sewer treatment plant.



# **City of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2005**

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- Various developers dedicated new to streets and utility components to the City. City representatives supervised construction of these improvements to ensure that the dedicated assets meet City specifications.

### **DEBT ADMINISTRATION**

New debt was limited to executing a capital lease to finance the acquisition of some of the equipment described in the proceeding section. Remaining activity was limited to payment of principal and interest as these amounts become due.

### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

Events and conditions that are expected to have a significant influence on future operations are highlighted as follows:

- Grant funds provided by the State of Louisiana are being used to enhance the City's wastewater treatment capacity by expanding its existing treatment plant. This project will benefit the local economy by allowing the City to accommodate the needs of new industrial users and the expansion of existing industrial users. The project is expected to cost approximately \$7,000,000.
- The City will to enhance public safety by continuing efforts to improve Susek Drive. State and Federal grant funds have been secured to minimize the City's cost related to this project.
- The City will begin collecting the proceeds of a new ½% sales tax in October, 2005.

# **City of Pineville**

## **STATEMENT OF NET ASSETS**

**June 30, 2005**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 3,575,529	\$ 726,891	\$ 4,302,420
Receivables (net)	796,025	941,078	1,737,103
Restricted cash	996,400	886,517	1,882,917
Other assets	12,435	-	12,435
Internal balances	35,796	(35,796)	-
Capital assets			
Non depreciable capital assets	2,181,115	360,810	2,541,925
Depreciable capital assets, net	9,094,824	14,706,236	23,801,060
<b>Total assets</b>	<b>16,692,124</b>	<b>17,585,736</b>	<b>34,277,860</b>
<b><u>LIABILITIES</u></b>			
Accounts and other payables	825,522	191,906	1,017,428
Deferred revenue	37,921	132,551	170,472
Accrued interest payable from restricted assets	41,381	8,900	50,281
Deposits due others	-	334,870	334,870
Long-term liabilities			
Due within one year	573,135	105,000	678,135
Due in more than one year	2,493,737	1,295,856	3,789,593
<b>Total liabilities</b>	<b>3,971,696</b>	<b>2,069,083</b>	<b>6,040,779</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	9,669,067	13,811,547	23,480,614
Restricted:			
Debt service	1,036,479	772,617	1,809,096
Capital projects and equipment acquisition	2,722,034	-	2,722,034
Other purposes	470,862	-	470,862
Unrestricted	(1,178,014)	932,489	(245,525)
<b>Total net assets (deficit)</b>	<b>\$ 12,720,428</b>	<b>\$ 15,516,653</b>	<b>\$ 28,237,081</b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2005**

		Program Revenues			
		Charges for	Operating	Capital	Net
	Expenses	Services	Grants and	Grants &	(Expenses)
			Contributions	Contributions	Revenue
<b><u>Governmental Activities:</u></b>					
<b>General Government</b>					
Judicial	\$ 405,209	\$ 102,644	\$ -	\$ -	\$ (302,565)
Executive	208,488	-	-	-	(208,488)
Finance & Administrative	1,439,915	150,661	-	-	(1,289,254)
<b>Public Safety</b>					
Police Department	3,477,656	360,074	204,375	-	(2,913,207)
Fire Department	2,566,196	6,300	204,819	225,000	(2,130,077)
<b>Public Works</b>					
City Shop	202,494	-	-	-	(202,494)
Street Maintenance	627,347	20,106	-	1,152,853	545,612
Drainage Maintenance	376,126	-	-	-	(376,126)
Building Maintenance	302,586	50,690	-	-	(251,896)
Health & Welfare (Impounding)	250,291	6,455	107,524	-	(136,312)
<b>Culture &amp; Recreation</b>					
Recreation Department	307,868	-	-	-	(307,868)
Community Centers	175,846	17,576	-	-	(158,270)
Special Events	106,130	-	125,000	-	18,870
Interest on Long-Term Debt	102,945	-	-	-	(102,945)
Total Governmental Activities	10,549,097	714,506	641,718	1,377,853	(7,815,020)
<b><u>Business-Type Activities:</u></b>					
Utility System	3,215,541	4,200,048	-	944,835	1,929,342
Sanitation	1,178,509	1,087,219	-	-	(91,290)
Airport	45,315	7,500	-	-	(37,815)
Total Business-Type Activities	4,439,365	5,294,767	-	944,835	1,800,237
Total	\$ 14,988,462	\$ 6,009,273	\$ 641,718	\$ 2,322,688	\$ (6,014,783)

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **STATEMENT OF ACTIVITIES (Continued)** **Year Ended June 30, 2005**

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	<u>\$ (7,815,020)</u>	<u>\$ 1,800,237</u>	<u>\$ (6,014,783)</u>
<b><u>General Revenues:</u></b>			
Taxes:			
Ad Valorem	1,135,508	-	1,135,508
Sales	6,994,115	-	6,994,115
Licenses & Permits			
Franchise Fees	737,115	-	737,115
Occupational Licenses	529,011	-	529,011
Intergovernmental	28,014	-	28,014
Other	215,229	34,966	250,195
Transfers	<u>149,377</u>	<u>(149,377)</u>	<u>-</u>
Total General Revenues	<u>9,788,369</u>	<u>(114,411)</u>	<u>9,673,958</u>
Change in Net Assets	1,973,349	1,685,826	3,659,175
Net Assets Beginning	<u>10,747,079</u>	<u>13,830,827</u>	<u>24,577,906</u>
Net Assets Ending	<u>\$ 12,720,428</u>	<u>\$ 15,516,653</u>	<u>\$ 28,237,081</u>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Balance Sheet**

### **Governmental Funds - June 30, 2005**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Dedicated 10 Mill Ad Valorem Tax	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$ 699,660	\$ -	\$ 1,193,311	\$ 1,266,790	\$ 415,768	\$ 3,575,529
Receivables (net)	466,203	256,264	-	-	73,558	796,025
Interfund Receivables	1,066,936	-	1,916,156	-	228,853	3,211,945
Restricted Cash	-	-	-	-	996,400	996,400
Other Assets	12,435	-	-	-	-	12,435
<b>Total assets</b>	<b>\$ 2,245,234</b>	<b>\$ 256,264</b>	<b>\$ 3,109,467</b>	<b>\$ 1,266,790</b>	<b>\$ 1,714,579</b>	<b>\$ 8,592,334</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 418,146	\$ -	\$ 242,002	\$ 1,788	\$ 163,586	\$ 825,522
Deferred Revenues	37,921	-	-	-	-	37,921
Interfund Payables	1,465,800	256,264	-	1,156,578	297,507	3,176,149
<b>Total liabilities</b>	<b>1,921,867</b>	<b>256,264</b>	<b>242,002</b>	<b>1,158,366</b>	<b>461,093</b>	<b>4,039,592</b>
<b>Fund Balance</b>						
Unreserved - Reported In						
General Fund	323,367	-	-	-	-	323,367
Special Revenue Funds	-	-	-	108,424	362,438	470,862
Capital Project Funds	-	-	2,867,465	-	(145,431)	2,722,034
Debt Service Funds	-	-	-	-	1,036,479	1,036,479
<b>Total Fund Balances</b>	<b>323,367</b>	<b>-</b>	<b>2,867,465</b>	<b>108,424</b>	<b>1,253,486</b>	<b>4,552,742</b>
<b>Total Liabilities and Fund Balance</b>						
<b>Balance</b>	<b>\$ 2,245,234</b>	<b>\$ 256,264</b>	<b>\$ 3,109,467</b>	<b>\$ 1,266,790</b>	<b>\$ 1,714,579</b>	<b>\$ 8,592,334</b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets**

**Year Ended June 30, 2005**

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Total Fund Balances - Governmental Funds	\$ 4,552,742
Amounts reported for governmental activities in the statement of net assets are different because:	
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(3,108,253)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>11,275,939</u>
Net Assets of Governmental Activities	<u>\$12,720,428</u>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2005**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Dedicated 10 Mill Ad Valorem Tax	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
<b>Taxes:</b>						
Ad Valorem	\$ 348,699	\$ -	\$ -	\$ 590,107	\$ 196,702	\$ 1,135,508
Sales	4,001,112	2,993,003	-	-	-	6,994,115
<b>Licenses &amp; Permits:</b>						
Franchise Fees	737,115	-	-	-	-	737,115
Occupational Licenses	529,011	-	-	-	-	529,011
Other	55,347	-	-	-	-	55,347
Intergovernmental	574,585	-	118,084	-	366,201	1,058,870
Fines and Forfeitures	255,296	-	-	-	-	255,296
Other	436,216	-	107,871	16,726	27,818	588,631
<b>Total Revenues</b>	<b>6,937,381</b>	<b>2,993,003</b>	<b>225,955</b>	<b>606,833</b>	<b>590,721</b>	<b>11,353,893</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General Government</b>						
<b>Judicial</b>						
City Court	276,667	-	3,682	-	-	280,349
City Marshal	120,750	-	-	-	-	120,750
Executive	199,094	-	1,573	-	-	200,667
Finance & Administrative	1,378,498	-	17,232	783	1,992	1,398,505
<b>Public Safety</b>						
Police Department	3,111,900	-	206,527	-	-	3,318,427
Fire Department	2,498,233	-	27,064	-	-	2,525,297
<b>Public Works</b>						
City Shop	198,753	-	398	-	-	199,151
Street Maintenance	428,120	-	33,959	-	-	462,079
Drainage Maintenance	291,970	-	20,789	-	-	312,759
Building Maintenance	253,838	-	9,781	-	-	263,619
Health & Welfare	134,951	-	280	-	109,142	244,373
<b>Culture &amp; Recreation</b>						
Recreation Department	226,708	-	28,032	-	-	254,740
Community Centers	152,223	-	2,956	-	-	155,179
Special Events & Projects	31,300	-	-	-	74,830	106,130
Capital Expenditures	122,585	-	416,564	-	568,770	1,107,919
Debt Service	115,466	-	120,567	-	457,305	693,338
<b>Total Expenditures</b>	<b>9,541,056</b>	<b>-</b>	<b>889,404</b>	<b>783</b>	<b>1,212,039</b>	<b>11,643,282</b>
<b>Excess (Deficiency) of</b>						
<b>Revenues Over Expenditures</b>	<b>(2,603,675)</b>	<b>2,993,003</b>	<b>(663,449)</b>	<b>606,050</b>	<b>(621,318)</b>	<b>(895,439)</b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

**Continued**

## **Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2005**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Dedicated 10 Mill Ad Valorem Tax	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(2,603,675)	2,993,003	(663,449)	606,050	(621,318)	(289,389)
<b><u>Other Financing Sources (Uses):</u></b>						
Capital Lease Proceeds	-	-	-	-	465,733	465,733
Operating Transfers In	2,986,608	-	1,496,501	-	388,767	4,871,876
Operating Transfers Out	<u>(494,736)</u>	<u>(2,993,003)</u>	<u>(491,204)</u>	<u>(590,106)</u>	<u>(153,450)</u>	<u>(4,722,499)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(111,803)	-	341,848	15,944	79,732	325,721
Fund Balance (Deficit) - Beginning of Year	<u>435,170</u>	<u>-</u>	<u>2,525,617</u>	<u>92,480</u>	<u>1,173,754</u>	<u>4,227,021</u>
Fund Balance (Deficit) - End of Year	<u>\$ 323,367</u>	<u>\$ -</u>	<u>\$ 2,867,465</u>	<u>\$ 108,424</u>	<u>\$ 1,253,486</u>	<u>\$ 4,552,742</u>

The accompanying notes are an integral part of the financial statements.



# **City of Pineville**

## **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2005**

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Net change in fund balances of Governmental Funds	\$ 325,721
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeded depreciation.	535,848
Dedication of infrastructure by developers does not provide current financial resources and is not reported as revenue by governmental funds.	1,019,176
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	20,688
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	537,649
Capital lease proceeds provide current financial resources to governmental funds, but increase the long term liabilities in the statement of net assets.	(465,733)
Change in net assets of governmental activities	<u>\$ 1,973,349</u>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Statement of Net Assets Proprietary Funds - June 30, 2005**

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
<b><u>ASSETS:</u></b>				
Current Assets:				
Cash and cash equivalents	\$ 449,167	\$ 277,724	\$ -	\$ 726,891
Receivables (net)	753,379	187,699	-	941,078
Interfund receivables	69,444	-	-	69,444
Total current assets	1,271,990	465,423	-	1,737,413
Restricted Assets:				
Cash and cash equivalents	886,517	-	-	886,517
Noncurrent Assets:				
Construction in process	360,810	-	-	360,810
Depreciable capital assets, net	14,224,966	241,151	240,119	14,706,236
Total assets	16,744,283	706,574	240,119	17,690,976
<b><u>LIABILITIES:</u></b>				
Current Assets:				
Accounts and other payables	122,313	69,474	119	191,906
Interfund payables	-	96,342	8,898	105,240
Compensated absences	29,906	10,451	-	40,357
Deferred revenue	132,551	-	-	132,551
Deposits due others	334,870	-	-	334,870
Total current liabilities	619,640	176,267	9,017	804,924
Liabilities Payable From Restricted Assets:				
Accrued interest payable from restricted assets	8,900	-	-	8,900
Current portion of long-term debt	105,000	-	-	105,000
Noncurrent Liabilities:				
Long-term debt	1,255,499	-	-	1,255,499
Total liabilities	1,989,039	176,267	9,017	2,174,323
<b><u>NET ASSETS:</u></b>				
Invested in capital assets, net of related debt	13,330,277	241,151	240,119	13,811,547
Restricted for debt service	772,617	-	-	772,617
Unrestricted	652,350	289,156	(9,017)	932,489
Total net assets (deficit)	\$ 14,755,244	\$ 530,307	\$ 231,102	\$ 15,516,653

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## ***Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds - June 30, 2005***

	Business-Type Activities - Enterprise Funds			
	Utility System	Sanitation	Nonmajor Funds	Total
<b><u>Operating Revenues:</u></b>				
Service Fees	\$ 3,910,582	\$ 1,054,257	\$ -	\$ 4,964,839
Other	289,466	32,962	7,500	329,928
<b>Total Operating Revenues</b>	<b>4,200,048</b>	<b>1,087,219</b>	<b>7,500</b>	<b>5,294,767</b>
<b><u>Operating Expenses:</u></b>				
Salaries	694,323	456,471	-	1,150,794
Legal and Professional	127,773	3,795	5,064	136,632
Repairs & Maintenance	228,915	70,787	7,485	307,187
Supplies & Chemicals	372,770	59,300	-	432,070
Employee Benefits	297,716	216,113	-	513,829
Landfill Disposal Cost	-	263,140	-	263,140
Utilities	441,900	-	8,831	450,731
Permits and Testing	34,715	2,392	-	37,107
Depreciation	821,874	79,157	18,318	919,349
Bad Debts	81,015	21,000	-	102,015
Other	44,432	1,639	3,755	49,826
<b>Total Operating Expenses</b>	<b>3,145,433</b>	<b>1,173,794</b>	<b>43,453</b>	<b>4,362,680</b>
<b>Operating Income (Loss)</b>	<b>1,054,615</b>	<b>(86,575)</b>	<b>(35,953)</b>	<b>932,087</b>
<b><u>Nonoperating Revenues (Expenses):</u></b>				
Interest Revenue	34,966	-	-	34,966
Interest Expense	(70,108)	(4,715)	(1,862)	(76,685)
<b>Change in Net Assets Before</b>				
<b>Contributions and Transfers</b>	<b>1,019,473</b>	<b>(91,290)</b>	<b>(37,815)</b>	<b>890,368</b>
<b><u>Contributions and Transfers:</u></b>				
Capital Grant Revenue	204,335	-	-	204,335
Developer Contributions	740,500	-	-	740,500
Operating Transfers In	374,640	378,188	71,944	824,772
Operating Transfers Out	(974,149)	-	-	(974,149)
<b>Change in net assets</b>	<b>1,364,799</b>	<b>286,898</b>	<b>34,129</b>	<b>1,685,826</b>
<b>Total net assets - beginning</b>	<b>13,390,445</b>	<b>243,409</b>	<b>196,973</b>	<b>13,830,827</b>
<b>Total net assets - ending</b>	<b>\$ 14,755,244</b>	<b>\$ 530,307</b>	<b>\$ 231,102</b>	<b>\$ 15,516,653</b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Statement of Cash Flows**

### **Proprietary Funds - Year Ended June 30, 2005**

	Business-Type Activities - Enterprise Funds			
	Utility System	Sanitation	Nonmajor Funds	Total
<b><u>Cash flow from operating activities:</u></b>				
Cash received from customers	\$ 4,088,864	\$ 1,085,834	\$ 7,500	\$ 5,182,198
Cash payments to suppliers of goods and services	(1,637,220)	(645,123)	(25,645)	(2,307,988)
Cash payments to employees for services	(691,833)	(459,513)	-	(1,151,346)
Net cash provided (used) by operating activities	<u>1,759,811</u>	<u>(18,802)</u>	<u>(18,145)</u>	<u>1,722,864</u>
<b><u>Cash flows from non-capital financing activities:</u></b>				
Change in interfund balances	(1,395,767)	(83,214)	(51,936)	(1,530,917)
Operating transfers in	374,640	378,188	71,944	824,772
Operating transfers out	(974,149)	-	-	(974,149)
Net cash provided (used) by non-capital financing activities	<u>(1,995,276)</u>	<u>294,974</u>	<u>20,008</u>	<u>(1,680,294)</u>
<b><u>Cash flows from capital and related financing activities:</u></b>				
Capital Expenditures	(453,572)	(167,332)	-	(620,904)
Capital Grant Proceeds	336,886	-	-	336,886
Principle paid on revenue bonds	(90,392)	-	-	(90,392)
Interest paid on debt instruments	(70,108)	(4,715)	(1,863)	(76,686)
Net cash provided (used) by capital and related financing activities	<u>(277,186)</u>	<u>(172,047)</u>	<u>(1,863)</u>	<u>(451,096)</u>
<b><u>Cash flows from investing activities:</u></b>				
Interest and other income	34,966	-	-	34,966
Net cash provided (used) by investing activities	<u>34,966</u>	<u>-</u>	<u>-</u>	<u>34,966</u>
Net increase (decrease) in cash	(477,685)	104,125	-	(373,560)
Beginning cash balance	1,813,369	173,599	-	1,986,968
Ending cash balance	1,335,684	277,724	-	1,613,408
Restricted cash and cash equivalents	886,517	-	-	886,517
Cash and cash equivalents	<u>\$ 449,167</u>	<u>\$ 277,724</u>	<u>\$ -</u>	<u>\$ 726,891</u>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Statement of Cash Flows (Continued)**

### **Proprietary Funds - Year Ended June 30, 2005**

	Business-Type Activities - Enterprise Funds			
	Utility	Nonmajor		Total
	System	Sanitation	Funds	
<b><u>Reconciliation of operating income (loss)</u></b>				
<b><u>to net cash provided (used) by operating</u></b>				
<b><u>activities</u></b>				
Operating income (loss)	\$ 1,054,615	\$ (86,575)	\$ (35,953)	\$ 932,087
Adjustments to reconcile operating income to net cash				
provided by operating activities:				
Depreciation	821,874	79,157	18,318	919,349
(Increase) decrease in accounts receivable	(127,092)	(1,385)	-	(128,477)
(Decrease) increase in accounts and other				
payables	(4,263)	(5,460)	(510)	(10,233)
(Decrease) increase in compensated absences	(1,231)	(4,539)	-	(5,770)
(Decrease) increase in meter deposits	15,908	-	-	15,908
Net cash provided (used) by operating activities	<u>\$ 1,759,811</u>	<u>\$ (18,802)</u>	<u>\$ (18,145)</u>	<u>\$ 1,722,864</u>

#### **Supplemental disclosures of cash flow information:**

During the year ended June 30, 2005, various developers dedicated utility system improvements to the City. The improvements dedicated to the City were valued at \$740,500. There were no further operating, financing, or investing activities during the year that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## ***Notes To Financial Statements***

***June 30, 2005***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Pineville (the City) was incorporated under the provisions of the Lawrason Act. The City is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the City include police protection, fire protection, street maintenance, drainage, recreation and sanitation. The City also operates a water distribution system, a sewer system and a municipal airport.

The accompanying policies conform to generally accepted accounting principles for governmental units.

### **Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the City is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Pineville for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the City to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the criteria presented above, the City has no component units. In reaching this conclusion, the operations of the City Court System were considered; however it was determined that the City Court System did not meet the necessary criteria for classification as a component unit. Component unit status does not apply because the City Court System is managed by elected officials and it functions in a fiscally independent manner.

### **Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these

# ***City of Pineville***

## ***Notes To Financial Statements***

***June 30, 2005***

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funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the City only applies those FASB pronouncements that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

### **Fund Financial Statements**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

#### **Major Governmental Funds**

**General Fund** – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Dedicated 1% Sales Tax** – The sales tax fund is a special revenue fund used to account for the proceeds of a restricted 1% sales tax that is described in Note 5.

**Capital Improvements** – The capital improvement fund is a capital project fund that is used to account for a portion of sales tax proceeds that are restricted for capital expenditures and related debt service.

**Dedicated 10 Mill Ad Valorem Tax** – The ad valorem tax fund is a special revenue fund used to account for the proceeds of a restricted 10 mill tax described in Note 5.

#### **Major Business-Type Funds**

**Utility System** – The utility fund is used to account for the operation of the City's water and sewer system, which are supported by user charges.

**Sanitation** – The sanitation fund is used to account for activity associated with collecting and disposing of garbage and trash. The operation of this fund is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water, sewer service and sanitation.

### **Basis Of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

# ***City of Pineville***

## ***Notes To Financial Statements***

***June 30, 2005***

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<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

### **Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Restricted Assets:**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

### **Budget Practices:**

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. City budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

### **Capital Assets**

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City. As required by GASB 34, the City has retroactively capitalized infrastructure acquired by governmental funds since 1980. Infrastructure capitalized retroactively includes streets, sidewalks, bridges, and drainage improvements.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.



# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2005**

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### **Cash And Cash Equivalents:**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

### **Internal Activity:**

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

### **Compensated Absences**

Full time and regular part-time employees earn vacation at rates that vary depending of length of service and civil service classification. Unused vacation that employees are allowed to carryforward is reported as long-term debt.

### **Use Of Estimates:**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable for the year ended June 30, 2005 are summarized as follows:

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Accounts Receivable			
Charges for Services	\$ —	\$ 1,344,594	\$ 1,344,594
Franchise Taxes	68,587	—	68,587
Other	—	6,484	6,484
<b>Total Accounts Receivable</b>	<b>68,587</b>	<b>1,351,078</b>	<b>1,419,665</b>
Due From Other Governmental Units			
Sales Taxes	593,997	—	593,997
Fines and Forfeitures	25,285	—	25,285
Other	108,156	—	108,156
<b>Total Due From Other Governments</b>	<b>727,438</b>	<b>—</b>	<b>727,438</b>
<b>Total Receivables</b>	<b>796,025</b>	<b>1,351,078</b>	<b>2,147,103</b>
Allowance for Doubtful Accounts	—	(410,000)	(410,000)
<b>Net Receivables</b>	<b>\$ 796,025</b>	<b>\$ 941,078</b>	<b>\$ 1,737,103</b>

# ***City of Pineville***

## **Notes To Financial Statements**

**June 30, 2005**

### **NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2005, cash and cash equivalents included the following amounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash Deposited in Banks	\$ 4,491,235	\$ 1,613,108	\$ 6,104,343
Chase Money Market Mutual Fund	80,194	—	80,194
Petty Cash	500	300	800
Reconciled Book Balance	4,571,929	1,613,408	6,185,337
Restricted Cash	996,400	886,517	1,882,917
Cash and Cash Equivalents	\$ 3,575,529	\$ 726,891	\$ 4,302,420

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2005, the City has \$6,104,343 in deposits (\$6,119,790 collected bank balance). These deposits are secured from risk by \$143,941 of federal deposit insurance and \$8,678,165 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

### **NOTE 4 - LONG-TERM LIABILITIES**

Debt attributable to the acquisition of the City's utility system and the operation of the utility system is reported as an obligation of the City's business-type enterprise funds. Remaining debts are reported as governmental activities. The City's debts are summarized as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Certificates of Indebtedness	\$ 1,488,000	\$ —	\$ 1,488,000
Revenue Bonds	5,000	1,425,000	1,430,000
General Obligation Bonds	720,000	—	720,000
Capital Leases	352,562	—	352,562
Compensated Absences	501,310	40,357	541,667
Total Obligations	3,066,872	1,465,357	4,532,229
Deferred Issue Cost	—	(64,501)	(64,501)
Total Long-term Debt	3,066,872	1,400,856	4,467,728
Due Within One Year	(573,135)	(105,000)	(678,135)
Due in More Than One Year	\$ 2,493,737	\$ 1,295,856	\$ 3,789,593

# ***City of Pineville***

## **Notes To Financial Statements**

**June 30, 2005**

The liability for compensated absences attributable to governmental funds and activities is typically liquidated by the City's general funds. Changes in the City's long-term debt for the year ended June 30, 2005 are presented as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>				
Certificates of Indebtedness	\$ 1,680,000	\$ —	\$ 192,000	\$ 1,488,000
Revenue Bonds	10,000	—	5,000	5,000
General Obligations	835,000	—	115,000	720,000
Capital Leases	112,478	465,732	225,648	352,562
Compensated Absences	469,254	32,056	—	501,310
<b>Total Governmental Activities</b>	<b>3,106,732</b>	<b>497,788</b>	<b>537,648</b>	<b>3,066,872</b>
<b><u>Business-Type Activities</u></b>				
Revenue Bonds	1,525,000	—	100,000	1,425,000
Compensated Absences	46,127	—	5,770	40,357
<b>Total Business-Type Activities</b>	<b>1,571,127</b>	<b>—</b>	<b>105,770</b>	<b>1,465,357</b>
<b>Total Long-term Debts</b>	<b>\$ 4,677,859</b>	<b>\$ 497,788</b>	<b>\$ 643,418</b>	<b>\$ 4,532,229</b>

### **Certificates of Indebtedness**

The City has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the City. Certificates of indebtedness outstanding at June 30, 2005 are described as follows:

\$1,020,000 Taxable Refunding Certificates of Indebtedness, Series 2001B dated bearing interest at a rate of 7.0%. Principle is payable in annual installments ranging from \$85,000 to \$145,000, with the final installment due September 1, 2010. The certificates are callable for redemption at anytime after September 1, 2006.	\$ 740,000
\$650,000 Certificates of Indebtedness, Series 2001A bearing interest at a rates ranging from 4.10% to 6.75%. Principle is payable in annual installments ranging from \$20,000 to \$50,000, with the final installment due September 1, 2021. The certificates are callable for redemption at anytime after September 1, 2009.	590,000
\$630,000 Certificates of Indebtedness, Series 1997 dated May 21, 1997, bearing interest at a rate of 4.95%. Principle is payable in annual installments ranging from \$47,000 to \$81,000, with the final installment due March 1, 2007.	158,000
<b>Total Certificates of Indebtedness</b>	<b>\$ 1,488,000</b>

### **Revenue Bonds**

The City has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at June 30, 2005 are described as follows:

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2005**

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\$720,000 Utility Revenue Refunding Bonds Series 2004, bearing interest at rates ranging from 1.5% to 4.15% depending on the length of maturity. The bonds mature serially on May 1<sup>st</sup> of each year in amounts ranging from \$45,000 to \$70,000. Final maturity is scheduled for May 1, 2016, unless the City elects to redeem the bonds prior to maturity. Bonds become eligible for redemption on May 1, of 2013.

\$ 675,000

\$860,000 Utility Revenue Refunding Bonds, Series 2003 dated May 1, 2003 bearing interest at rates ranging from 1.8% to 4.85% depending on the length of maturity. The bonds mature serially on May 1 of each year in amounts ranging from \$55,000 to \$85,000. Final maturity is scheduled for May 1, 2016, unless the City elect to redeem the bonds prior to maturity. Bonds become eligible for redemption on May 1, 2013.

750,000

\$1,750,000 Public Improvement Sales Tax Bonds, Series 1980 dated September 1, 1980, bearing interest at a rate of 8.0%. The bonds mature serially on September 1<sup>st</sup> of each year in amounts ranging from \$5,000 to \$150,000. Final maturity is scheduled for September 1, 2005, unless the City elects to redeem the bonds prior to maturity. Bonds maturing on or after September 1, 1991 are subject to early redemption. The bonds are payable solely from and secured by an irrevocable pledge and dedication of the special one percent (1%) sales and used tax being levied by the City.

5,000

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Total Revenue Bonds	\$ 1,430,000
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### **General Obligation Bonds**

The City has issued has issued general obligations bonds payable from property taxes levied in the manner provided by State Law. General obligations outstanding at June 30, 2005 are described as follows:

\$1,160,000 General Obligation Refunding Bonds, Series 2001 dated June 1, 2001 with interest rates ranging from 3.8% to 4.7%. The bonds mature serially on March 1<sup>st</sup> of each year in amounts ranging from \$105,000 to \$135,000. Final maturity is scheduled for March 1, 2011, unless the City elects to redeem the bonds prior to maturity. Bonds become subject to early redemption on March 1, 2007. The bonds are secured by the full faith and credit of the City and a special tax levied on property subject to taxation within the boundaries of the City.

\$ 720,000

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Total General Obligations	\$ 720,000
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### **Capital Leases**

The City has acquired equipment by entering into capital leasing arrangements. For financial reporting purposes, minimum lease payments relating to leased equipment have been capitalized. The leased property is reported as capital at its original cost. Capital lease obligations outstanding at June 30, 2005 are described as follows:

# ***City of Pineville***

## **Notes To Financial Statements**

**June 30, 2005**

Lease agreement dated December 8, 2005, executed in exchange for equipment with an original balance of \$465,732, bearing interest at a rate of 3.25%, payable in 24 monthly installments of \$20,095. 352,562

**Total Capital lease obligations \$ 352,562**

### **Maturity of Long-term Debt**

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Principal Installments</u>			<u>Total</u>	<u>Interest</u>
	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>General Obligations</u>		
<u>Governmental Activities</u>					
2006	\$ 207,000	\$ 5,000	\$ 120,000	\$ 332,000	\$ 124,142
2007	216,000	----	125,000	341,000	106,213
2008	145,000	----	125,000	270,000	87,391
2009	150,000	----	135,000	285,000	71,871
2010	160,000	----	105,000	265,000	55,211
2011 – 2015	305,000	----	110,000	415,000	135,248
2016 – 2020	205,000	----	----	205,000	68,575
2021 – 2025	100,000	----	----	100,000	6,726
Total Governmental	\$ 1,488,000	\$ 5,000	\$ 720,000	\$ 2,213,000	\$ 655,377
<u>Business-Type Activities</u>					
2005	\$ ----	\$ 105,000	\$ ----	\$ 105,000	\$ 51,485
2006	----	115,000	----	115,000	49,078
2007	----	115,000	----	115,000	46,010
2008	----	115,000	----	115,000	42,625
2009	----	125,000	----	125,000	38,923
2010 – 2014	----	695,000	----	695,000	122,443
2015 – 2019	----	155,000	----	155,000	7,028
Total Business-Type	\$ ----	\$ 1,425,000	\$ ----	\$ 1,425,000	\$ 357,592

Future minimum lease payments due under capital lease arrangements are presented as follows:

<b><u>Year Ended June 30<sup>th</sup></u></b>	
2005	\$ 241,135
2006	120,567
	361,702
<b>Amounts representing interest</b>	<b>(9,140)</b>
<b>Present value of minimum lease payments</b>	<b>\$ 352,562</b>

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2005**

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### **NOTE 5 – TAXES:**

#### **Ad Valorem Taxes:**

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended June 30, 2005, the City has levied ad valorem taxes as follows:

<b><u>Description</u></b>	<b><u>Mills Levied</u></b>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	5.85
Levied per proposition originally approved May 14, 1991 and subsequently renewed, authorizing 10 mills for a period of 10 year beginning with 1991 for the purpose of paying salaries of the employees of the fire and police departments. Due to the restricted nature of these taxes, the revenue is reported in a special revenue fund.	9.90
Levied per proposition approved May 14, 1991, authorizing general obligation debt to run for a period of 20 years payable from a levy of ad valorem taxes. Since these taxes are dedicated to debt service, revenue is reported in a debt service fund.	<u>3.30</u>
	<u>19.05</u>

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

#### **Sales Taxes:**

Sales taxes are collected by the Parish of Rapides and remitted to the City on a monthly basis. For the year ended June 30 the City has levied sales taxes as follows:

<b><u>Description</u></b>	<b><u>Percentage Levied</u></b>
Levied per proposition approved the citizens of Pineville authorizing a tax for the operation of the General Fund. Revenue generated by this tax is reported by the General fund.	1%
Levied per proposition approved by the citizens of Pineville authorizing a tax "with the avails or proceeds of said tax to be dedicated and pledged to the payment of principle and interest and other amounts required on any sales tax revenue bonds issued by the City for any lawful public purpose; provided, however, that the avails or proceeds of said tax not required in each month for principle, interest and other payments on any sales tax revenue bonds, shall be allocated in an amount equal to 50% of the proceeds of the tax for paying salaries of municipal employees of said City and the remaining proceeds of the tax for capital acquisitions for said City including equipment, furnishings and improvements to municipal property that may include but are not limited to streets, sidewalks, bridges, waterworks, sewers, drains and recreation and fire protection facilities. Since revenue from this source is subject to various restrictions, it is reported in a special revenue fund.	1%

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2005**

In addition to the taxes described above, the City is also entitled to receive a portion (5%) of a parishwide sales tax. Since the parishwide tax is unrestricted, its proceeds are reported as revenue by the general fund.

### **NOTE 6 – CAPITAL ASSETS**

Changes in governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Non Depreciable Capital Assets				
Land	\$ 1,153,509	\$ 8,760	\$ —	\$ 1,162,269
Construction in Process	692,262	326,584	—	1,018,846
Total	<u>1,845,771</u>	<u>335,344</u>	<u>—</u>	<u>2,181,115</u>
Depreciable Capital Assets				
Buildings and Improvements	3,266,142	73,306	—	3,339,448
Furniture, Fixtures and Equipment	2,662,894	699,271	—	3,362,165
Infrastructure	6,712,630	1,019,174	—	7,731,804
Accumulated Depreciation	<u>(4,766,522)</u>	<u>(572,071)</u>	<u>—</u>	<u>(5,338,593)</u>
Total	<u>7,875,144</u>	<u>1,219,680</u>	<u>—</u>	<u>9,094,824</u>
Total Governmental Activities	<u>\$ 9,720,915</u>	<u>\$ 1,555,024</u>	<u>\$ —</u>	<u>\$ 11,275,939</u>
<b><u>Business-Type Activities</u></b>				
Non Depreciable Capital Assets				
Land	\$ —	\$ —	\$ —	\$ —
Utility Construction in Process	147,098	213,712	—	360,810
Total	<u>147,098</u>	<u>213,712</u>	<u>—</u>	<u>360,810</u>
Depreciable Capital Assets				
Sanitation Equipment	799,986	167,332	—	967,318
Utility Equipment	563,360	21,968	—	585,328
Utility System	22,386,178	958,393	—	23,344,571
Airport Improvements	372,511	—	—	372,511
Accumulated Depreciation	<u>(9,644,143)</u>	<u>(919,349)</u>	<u>—</u>	<u>(10,563,492)</u>
Total	<u>14,477,892</u>	<u>228,344</u>	<u>—</u>	<u>14,706,236</u>
Total Business-Type Activities	<u>\$ 14,624,990</u>	<u>\$ 442,056</u>	<u>\$ —</u>	<u>\$ 15,067,046</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

# ***City of Pineville***

## **Notes To Financial Statements**

**June 30, 2005**

	Governmental Activities	Business-Type Activities	Total
Judicial	\$ 5,163	\$ ---	\$ 5,163
Executive	5,370	---	5,370
Finance & Administrative	38,312	---	38,312
Police Department	133,585	---	133,585
Fire Department	42,801	---	42,801
City Shop	3,145	---	3,145
Street Maintenance	163,592	---	163,592
Drainage Maintenance	64,824	---	64,824
Building Maintenance	38,728	---	38,728
Health & Welfare (Impounding)	4,701	---	4,701
Recreation Department	51,617	---	51,617
Community Centers	20,233	---	20,233
Utility System	---	821,874	821,874
Sanitation	---	79,157	79,157
Airport	---	18,318	18,318
Total Depreciation Expense	\$ 572,071	\$ 919,349	\$ 1,491,420

### **NOTE 7 – ACCOUNTS AND OTHER PAYABLES**

Details related to amounts reported as accounts and other payables are provided as follows:

	Governmental Activities				
	General Fund	Capital Improve- ments	Dedicated 10 Mill Tax	Other	Total
Payable to Vendors	\$ 333,585	\$ 238,901	\$ 1,788	\$ 144,070	\$ 718,344
Accrued Wages	79,740	---	---	---	79,740
Retainage Payable Under Contractual Arrangements	---	3,101	---	11,159	14,260
Other	4,821	---	---	8,357	13,178
Total	\$ 418,146	\$ 242,002	\$ 1,788	\$ 163,586	\$ 825,522
	Business-Type Activities				
	Utility System	Sanitation	Other	Total	
Payable to Vendors	\$ 110,865	\$ 62,257	\$ 119	\$ 173,241	
Accrued Wages	11,448	7,217	---	18,665	
Other	---	---	---	---	
Total	\$ 122,313	\$ 69,474	\$ 119	\$ 191,906	



# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2005**

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### **NOTE 8- RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 9 - RESTRICTED RESOURCES**

Bond covenants require the City to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

### **NOTE 10 – PENSION PLANS:**

Substantially all City employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Information regarding each plan is presented as follows:

#### **Municipal Employees' Retirement System of Louisiana:**

**Plan Description** -The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City participating in the retirement system are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

**Funding Policy** - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by State law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the system were equal to the required contributions for the year.

#### **Firefighters' Retirement System of Louisiana**

**Plan Description** – Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1,

# ***City of Pineville***

## **Notes To Financial Statements**

**June 30, 2005**

1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3<sup>1/3</sup> percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

**Funding Policy** – Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by state statute. As proved by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

### **Municipal Police Employees Retirement System of Louisiana**

**Plan Description** - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

**Funding Policy** - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

### **NOTE 11 – INTERNAL BALANCES**

Details related to internal balances are presented as follows:

<b>Governmental Activities</b>	<b>Receivable (Payable)</b>	<b>Purpose</b>
General	\$ (1,465,800)	Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in interfund receivables and payables.
Capital Improvements	1,788,023	
Dedicated 10 Mill Tax	(21,071)	
Non-major Governmental Funds	(265,356)	
	<u>35,796</u>	

# City of Pineville

## Notes To Financial Statements

June 30, 2005

Governmental Activities	Receivable (Payable)	Purpose
General	128,132	Restricted sales taxes receivable reported by the 1% Dedicated Sales Tax funds must be distributed to other funds upon receipt. Accordingly, interfund balances have been recorded
Capital Improvements	128,132	
1% Dedicated Sales Tax	(256,264)	
	----	
General	938,805	Restricted property taxes collected on behalf of other funds were held by the 10 mill tax fund at year end.
Non-major Governmental Funds	196,702	
Dedicated 10 Mill Tax	(1,135,507)	
	----	
Total Governmental	\$ 35,796	

Business-Type Activities	Receivable (Payable)	Purpose
Utility	\$ 69,444	Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in interfund receivables and payables.
Sanitation	(96,342)	
Non-major	(8,898)	
	\$ (35,796)	

### NOTE 12 - TRANSFERS

In the ordinary course of business, the City routinely transfers resources between its funds for various reasons. A description of the transfers and the purpose for the transfers is presented as follows:

	General Fund	Dedicated 1% Sales Tax	Capital Improve- ments	Dedicated 10 Mill Tax	Other	Total
<b>Transfers In</b>						
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$2,086,608	\$ ----	\$1,496,501	\$ ----	\$ ----	\$3,583,109
Transfer excess utility revenues to the general fund.	900,000	----	----	----	----	900,000
Transfers to debt service funds as required by bond indentures.	----	----	----	----	388,767	388,767
Total Transfers In	2,986,608	----	1,496,501	----	388,767	4,871,876

# City of Pineville

## Notes To Financial Statements

June 30, 2005

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Dedicated 10 Mill Tax	Other	Total
<b>Transfers Out</b>						
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	---	2,993,003	407,324	590,106	153,450	4,143,883
Transfer to eliminate deficit in the City's Sanitation and Airport funds	264,000	---	---	---	---	264,000
Transfers to debt service funds as required by bond indentures.	230,736	---	83,880	---	---	314,616
Miscellaneous transfers.	---	---	---	---	---	---
<b>Total Transfers Out</b>	<b>494,736</b>	<b>2,993,003</b>	<b>491,204</b>	<b>590,106</b>	<b>153,450</b>	<b>4,722,499</b>
<b>Net Transfers</b>	<b>\$2,491,872</b>	<b>\$ (2,993,003)</b>	<b>\$1,005,297</b>	<b>\$ (590,106)</b>	<b>\$ 235,317</b>	<b>\$ 149,377</b>

	Business-Type Activities			
	Utility System	Sanitation	Other	Total
<b>Transfers In</b>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 374,640	\$ 178,188	\$ 7,944	\$ 560,772
Transfer from General Fund to eliminate deficit in the City's Sanitation and Airport funds	---	200,000	64,000	264,000
<b>Total Transfers In</b>	<b>374,640</b>	<b>378,188</b>	<b>71,944</b>	<b>824,772</b>
<b>Transfers Out</b>				
Transfer excess utility revenues to the general fund.	900,000	---	---	900,000
Transfers to debt service funds as required by bond indentures.	74,149	---	---	74,149
<b>Total Transfers Out</b>	<b>974,149</b>	<b>---</b>	<b>---</b>	<b>974,149</b>
<b>Net Transfers</b>	<b>\$ (599,509)</b>	<b>\$ 378,188</b>	<b>\$ 71,944</b>	<b>\$ (149,377)</b>

### NOTE 13 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2005 are described as follows:

#### Litigation:

Like most governmental units with extensive and diverse operations, the City is occasionally named as a defendant in litigation. Based on consultation with City Attorney, the ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time.

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2005**

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### **NOTE 14 – FUND DEFICITS:**

Non-major governmental funds with deficit fund balances are listed as follows:

Series 2001A Debt Service	\$	95,383
LCDBG		78
Chase Equipment Purchase		1,920
Susek Drive Improvements		<u>143,511</u>
Total Deficit	\$	<u>240,892</u>

Deficits reported in these funds will be eliminated in the manner described below:

- Series 2001A Debt Service – Management intends to eliminate this deficit by dedicating proceeds from public safety commissions to serving the Series 2001A debt that was issued to finance construction of a facility occupied by the department of public safety.
- LCDBG – At the conclusion of the LCDBG housing project, any remaining deficiency will be eliminated by an operating transfer.
- Chase Equipment Purchase – Equipment purchases have slightly exceeded capital lease proceeds. Accordingly, capital improvement funds will be transferred to eliminate any deficit that remains when purchases are complete.
- Susek Drive Improvements – Management expects capital outlay funds to be available to eliminate deficits that have been accumulated. In addition, capital improvement funds will be available to cover any deficits that are not eliminated by appropriations from the State's capital outlay program.

# **City of Pineville**

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual - Year Ended June 30, 2005**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b><u>Revenues:</u></b>				
<b>Taxes:</b>				
Ad Valorem	\$ 335,000	\$ 351,575	\$ 348,699	\$ (2,876)
Sales	3,978,100	4,043,835	4,001,112	(42,723)
<b>Licenses &amp; Permits:</b>				
Franchise Fees	693,900	728,505	737,115	8,610
Occupational Licenses	406,200	472,150	529,011	56,861
Other	59,700	55,765	55,347	(418)
Intergovernmental	608,600	638,225	574,585	(63,640)
Fines and Forfeitures	307,000	284,650	255,296	(29,354)
Other	197,500	212,140	436,216	224,076
<b>Total revenues</b>	<b>6,586,000</b>	<b>6,786,845</b>	<b>6,937,381</b>	<b>150,536</b>
<b><u>General Government:</u></b>				
<b>Current:</b>				
<b>General Government</b>				
<b>Judicial</b>				
City Court	192,200	258,425	276,667	(18,242)
City Marshal	115,000	123,255	120,750	2,505
Executive	189,700	192,905	199,094	(6,189)
Finance & Administrative	1,329,700	1,324,905	1,378,498	(53,593)
<b>Public Safety</b>				
Police Department	2,610,400	3,090,215	3,111,900	(21,685)
Fire Department	2,556,300	2,442,570	2,498,233	(55,663)
<b>Public Works</b>				
City Shop	202,700	195,675	198,753	(3,078)
Street Maintenance	429,700	413,895	428,120	(14,225)
Drainage Maintenance	349,700	285,445	291,970	(6,525)
Building Maintenance	218,900	221,380	253,838	(32,458)
Health & Welfare (Impounding)	130,600	131,230	134,951	(3,721)
<b>Culture &amp; Recreation</b>				
Recreation Department	229,900	219,685	226,708	(7,023)
Community Centers	168,400	147,695	152,223	(4,528)
Special Events	35,000	27,975	31,300	(3,325)
Capital Expenditures	-	-	122,585	(122,585)
Debt Service	158,400	132,105	115,466	16,639
<b>Total expenditures</b>	<b>8,916,600</b>	<b>9,207,360</b>	<b>9,541,056</b>	<b>(333,696)</b>

# **City of Pineville**

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**

**Budget and Actual - Year Ended June 30, 2005**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	(2,330,600)	(2,420,515)	(2,603,675)	(183,160)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers In	2,994,800	3,039,455	2,986,608	(52,847)
Operating Transfers Out	(494,200)	(494,735)	(494,736)	(1)
Proceeds From Long-Term Debt	-	-	-	-
<b>Excess (Deficiency) of</b>				
<b>Revenues and Other Sources</b>				
<b>Over Expenditures and Other</b>				
<b>Uses</b>	170,000	124,205	(111,803)	(236,008)
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year</b>	<u>435,170</u>	<u>435,170</u>	<u>435,170</u>	<u>-</u>
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<u>\$ 605,170</u>	<u>\$ 559,375</u>	<u>\$ 323,367</u>	<u>\$ (236,008)</u>

# **City of Pineville**

## **Dedicated 1% Sales Tax Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual - Year Ended June 30, 2005**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b><u>Revenues:</u></b>				
Sales Taxes	\$ 3,059,600	\$ 3,059,600	\$ 2,993,003	\$ (66,597)
Other	-	-	-	-
<b>Total revenues</b>	<u>3,059,600</u>	<u>3,059,600</u>	<u>2,993,003</u>	<u>(66,597)</u>
<b><u>General Government:</u></b>				
Current	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	3,059,600	3,059,600	2,993,003	(66,597)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers Out	<u>(3,059,600)</u>	<u>(3,059,600)</u>	<u>(2,993,003)</u>	<u>66,597</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues and Other Sources</b>				
<b>Over Expenditures and Other</b>				
<b>Uses</b>	-	-	-	-
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# **City of Pineville**

Dedicated 10 Mill Ad Valorem Tax

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2005

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b><u>Revenues:</u></b>				
Ad Valorem	\$ 561,400	\$ 594,975	\$ 590,107	\$ (4,868)
Other	3,600	14,680	16,726	2,046
Total revenues	565,000	609,655	606,833	(2,822)
<b><u>General Government:</u></b>				
Current	-	-	783	(783)
Total expenditures	-	-	783	(783)
Excess (Deficiency) of				
Revenues Over Expenditures	565,000	609,655	606,050	(3,605)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers Out	(565,000)	(609,655)	(590,106)	19,549
Excess (Deficiency) of				
Revenues and Other Sources				
Over Expenditures and Other				
Uses	-	-	15,944	15,944
Fund Balance (Deficit) -				
Beginning of Year	92,480	92,480	92,480	-
Fund Balance (Deficit) -				
End of Year	\$ 92,480	\$ 92,480	\$ 108,424	\$ 15,944

# City of Pineville

## Combining Balance Sheet Non Major Governmental Funds June 30, 2005

	Economic Development Projects	Cemetery Fund	Sales Tax Bonds	General Obligation Series 2001	Series 2001 A	Series 2001 B	Series 1997	LCDBG	Chase Equipment Purchase	Susek Drive Improvements	Total Non Major Funds
<b>Assets</b>											
Cash and Cash Equivalents	\$ 323,440	\$ 92,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,768
Receivables (net)	36,616	-	-	-	-	-	-	28,014	-	8,928	73,558
Interfund Receivables	-	-	-	199,100	-	29,753	-	-	-	-	228,853
Restricted cash	-	-	4,354	143,481	4,326	717,671	43,942	2,432	80,194	-	996,400
Other Assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 360,056</b>	<b>\$ 92,328</b>	<b>\$ 4,354</b>	<b>\$ 342,581</b>	<b>\$ 4,326</b>	<b>\$ 747,424</b>	<b>\$ 43,942</b>	<b>\$ 30,446</b>	<b>\$ 80,194</b>	<b>\$ 8,928</b>	<b>\$ 1,714,579</b>
<b>Liabilities and Fund Balance</b>											
<b>Liabilities</b>											
Accounts payable	\$ 1,314	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,380	\$ 82,114	\$ 71,765	163,586
Interfund Payables	81,950	6,591	246	-	99,709	-	6,193	22,144	-	80,674	297,507
<b>Total liabilities</b>	<b>83,264</b>	<b>6,604</b>	<b>246</b>	<b>-</b>	<b>99,709</b>	<b>-</b>	<b>6,193</b>	<b>30,524</b>	<b>82,114</b>	<b>152,439</b>	<b>461,093</b>
<b>Fund Balance</b>											
Unreserved - Reported In	276,792	85,724	-	-	-	-	-	(78)	-	-	362,438
Special Revenue Funds	-	-	-	-	-	-	-	-	(1,920)	(143,511)	(145,431)
Capital Project Funds	-	-	-	-	(95,383)	747,424	37,749	-	-	-	1,036,479
Debt Service Funds	-	-	4,108	342,581	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>276,792</b>	<b>85,724</b>	<b>4,108</b>	<b>342,581</b>	<b>(95,383)</b>	<b>747,424</b>	<b>37,749</b>	<b>(78)</b>	<b>(1,920)</b>	<b>(143,511)</b>	<b>1,253,486</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 360,056</b>	<b>\$ 92,328</b>	<b>\$ 4,354</b>	<b>\$ 342,581</b>	<b>\$ 4,326</b>	<b>\$ 747,424</b>	<b>\$ 43,942</b>	<b>\$ 30,446</b>	<b>\$ 80,194</b>	<b>\$ 8,928</b>	<b>\$ 1,714,579</b>

# City of Pineville

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non Major Governmental Funds - Year Ended June 30, 2005

	Economic Development Projects	Cemetery Fund	Sales Tax Bonds	General Obligation Series 2001	Series 2001 A	Series 2001 B	Series 1997	LCDBG	Chase Equipment Purchase	Sussex Drive Improvements	Total Non Major Funds
<b>Revenues:</b>											
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 196,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,702
Intergovernmental	125,000	-	-	-	-	-	-	107,524	-	133,677	366,201
Other	5,815	1,919	104	4,615	38	13,748	474	-	1,105	-	27,818
<b>Total Revenues</b>	<b>130,815</b>	<b>1,919</b>	<b>104</b>	<b>201,317</b>	<b>38</b>	<b>13,748</b>	<b>474</b>	<b>107,524</b>	<b>1,105</b>	<b>133,677</b>	<b>590,721</b>
<b>Expenditures:</b>											
<b>Current:</b>											
Finance & Administrative	-	-	235	30	-	630	177	-	-	920	1,992
Health & Welfare	-	1,540	-	-	-	-	-	107,602	-	-	109,142
Culture & Recreation	-	-	-	-	-	-	-	-	-	-	-
Special Events & Projects	74,830	-	-	-	-	-	-	-	-	-	74,830
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	5,600	152,068	60,952	155,300	83,385	-	-	-	568,770
<b>Total Expenditures</b>	<b>74,830</b>	<b>1,540</b>	<b>5,835</b>	<b>152,098</b>	<b>60,952</b>	<b>155,930</b>	<b>83,562</b>	<b>107,602</b>	<b>315,308</b>	<b>254,382</b>	<b>1,212,039</b>
<b>Excess (Deficiency) of</b>											
<b>Revenues Over Expenditures</b>	<b>55,985</b>	<b>379</b>	<b>(5,731)</b>	<b>49,219</b>	<b>(60,914)</b>	<b>(142,182)</b>	<b>(83,088)</b>	<b>(78)</b>	<b>(314,203)</b>	<b>(120,705)</b>	<b>(621,318)</b>
<b>Other Financing Sources (Uses):</b>											
Capital Lease Proceeds	-	-	-	-	-	-	-	-	465,733	-	465,733
Operating Transfers In	-	-	-	-	-	304,887	83,880	-	-	-	388,767
Operating Transfers Out	-	-	-	-	-	-	-	-	(153,450)	-	(153,450)
<b>Excess (Deficiency) of</b>											
<b>Revenues and Other Sources</b>											
<b>Over Expenditures and Other</b>											
<b>Uses</b>	<b>55,985</b>	<b>379</b>	<b>(5,731)</b>	<b>49,219</b>	<b>(60,914)</b>	<b>162,705</b>	<b>792</b>	<b>(78)</b>	<b>(1,920)</b>	<b>(120,705)</b>	<b>79,732</b>
<b>Fund Balance (Deficit)</b>											
Beginning of Year	220,807	85,345	9,839	293,362	(34,469)	584,719	36,957	-	-	(22,806)	1,173,754
End of Year	\$ 276,792	\$ 85,724	\$ 4,108	\$ 342,581	\$ (95,383)	\$ 747,424	\$ 37,749	\$ (78)	\$ (1,920)	\$ (143,511)	\$ 1,233,486

# **CITY OF PINEVILLE**

## ***Schedule of Compensation Paid to Board Members For the year ended June 30, 2005***

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Carol Van Mol	\$ 8,400
Clarence Fields	61,890
Joe Bishop	8,400
Kevin Dorn	8,400
Nathan Martin	8,400
Tom Bouchie	8,400
	<hr/>
Total Compensation	<u>\$ 103,890</u>

# **CITY OF PINEVILLE**

## **Summary of Findings and Questioned Cost** **June 30, 2005**

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### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditor's Report on the financial statements for the City of Pineville as of June 30, 2005 and for the year then ended expressed an unqualified opinion.
- No reportable conditions were included in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the City of Pineville.
- Federal assistance expended did not reach the threshold that requires a Single Audit under OMB Circular A-133.

### **PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

None

### **PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

None

# **CITY OF PINEVILLE**

## ***Management's Corrective Action Plan June 30, 2005***

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<b>SECTION I</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>  <b><u>No Findings of this nature.</u></b>	<b><u>RESPONSE</u></b>  <b><u>No response necessary</u></b>
<b>SECTION II</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b><u>FINDINGS</u></b>  <b><u>No Findings of this nature.</u></b>	<b><u>RESPONSE</u></b>  <b><u>No response necessary</u></b>
<b>SECTION III</b> <b>MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>  <b><u>No Findings of this nature.</u></b>	<b><u>RESPONSE</u></b>  <b><u>No response necessary</u></b>

# **CITY OF PINEVILLE**

## ***Summary of Prior Year Findings and Questioned Cost June 30, 2005***

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<b><u>SECTION I</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>No Findings of this nature.</u></b>	<b><u>No response necessary</u></b>
<b><u>SECTION II</u></b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>No Findings of this nature.</u></b>	<b><u>No response necessary</u></b>
<b><u>SECTION III</u></b> <b>MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>No Findings of this nature.</u></b>	<b><u>No response necessary</u></b>